

THOMAS J. DONOVAN, JR.
ATTORNEY GENERAL

JOSHUA R. DIAMOND
DEPUTY ATTORNEY GENERAL

WILLIAM E. GRIFFIN
CHIEF ASST. ATTORNEY
GENERAL



TEL: (802) 828-3171
FAX: (802) 828-3187
TTY: (802) 828-3665

<http://www.ago.vermont.gov>

STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 STATE STREET
MONTPELIER, VT
05609-1001

February 23, 2017

Senate Government Operations Committee
Hon. Jeannette White, Chair
115 State Street
Montpelier, VT 05633-5301

Re: Home Improvement Contractors Sunrise Proposal

Dear Madame Chair and Members of the Committee:

Thank you for inviting testimony on a proposed "sunrise" provision for home improvement contractors. My name is Christopher Curtis. I am the Chief of the Public Protection Division at the Office of the Vermont Attorney General (AGO). The AGO supports a review by the Vermont Secretary of State Office of Professional Regulation (OPR) to consider whether regulation of this industry is appropriate based on the number and size of complaints and losses experienced by Vermont consumers related to home improvement contractors.

A Million Dollar Problem

Over the last two years more than 200 complaints about a variety of home improvement contractors and services have been logged by the Attorney General's Consumer Assistance Program (CAP). Specifically, at least 215 Vermonters contacted our office with home improvement complaints ranging from alarm systems installation to well drilling.

Together, **negligent work or deposit cases have cost Vermont consumers more than \$1 million in claimed losses according to home improvement complaints.**¹ The bulk of these complaints fall generally into the category of "contractor/builder" or "roofing." Examples of problems that might arise include accepting a deposit but failing to perform, failing to complete a job, or failing to perform up to standards the consumer might expect. Sometimes CAP is able to resolve these disputes. Unfortunately, that is not always the case.

Other States Regulate Home Improvement Contractors

At least 32 other states have licensed or regulated home improvement contractors.² In addition to licensure or registration some states require an examination, prior experience, proof of financial

¹ See attached "CAP Home Improvement Complaints 2015-2016."

² See attached "Appendix A: Home Improvement Contractor Laws, State Summary Law Chart." Available at: http://assets.aarp.org/rgcenter/consume/d16911_contractors.pdf

solvency, proof of insurance, or bonding – or a combination of one or more of those elements – in order to lawfully operate. Vermont currently does not currently require licensure, registration, or bonding or other financial protection or resources for consumers.

Conclusion

In summary, based on our experience we support the Committee's inquiry into this important matter and we support a vote to refer the matter to the Office of Professional Regulation for "Sunrise" review. The office of the Attorney General welcomes recommendations that could help reduce the incidence of consumer losses related to home improvement contracting - including the possibility of licensure, registration, or other means of enhancing the industry for both service providers and consumers.

Thank you for your time and consideration. Please do not hesitate to contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Curtis", written over a light blue horizontal line.

Christopher J. Curtis
Chief, Public Protection Division
Office of the Attorney General

Appendix A:

**Home Improvement
Contractor Laws**

State Summary Law Chart

**(Includes the District of Columbia,
Puerto Rico, and the Virgin Islands)**

Home Improvement Contractor Laws State Summary* Law Chart

States	Contractor Requirements					Notes
	Licensing/ Registration** of Contractor	Prior Experience	Exam	Financial Solvency	Convictions or Bar	
Alabama	L					1) Counties and cities may regulate contractors and licensing.
Alaska	R					
Arizona	L					
Arkansas	R					
California	L					
Colorado						
Connecticut	R					
Delaware	L					
District of Columbia	L					
Florida	L					
Georgia						2) Statute applies only to multi-family construction and residential subdivisions.
Hawaii	L					
Idaho						3) Municipalities may regulate contractors and subcontractors.
Illinois						
Indiana						4) Licensure applies to residential builders only.
Iowa	R					
Kansas	(1)					**L=Licensure, R=Registration
Kentucky						
Louisiana	L					
Maine						
Maryland	L					
Massachusetts	R					
Michigan	L					
Minnesota	L					
Mississippi	(2)					
Missouri	(3)					
Montana	R					
Nebraska	R					
Nevada	L					
New Hampshire	L					
New Jersey						
New Mexico	L					
New York						
North Carolina	L					
North Dakota	L					
Ohio						
Oklahoma						
Oregon	R					
Pennsylvania						
Puerto Rico						
Rhode Island	R					
South Carolina	L, R, (4)					
South Dakota						
Tennessee	L					
Texas						
Utah	L					
Vermont						
Virgin Islands	L					
Virginia	L					
Washington	R					
West Virginia	L					
Wisconsin						
Wyoming						

* Review of State Statutes effective as of June 1998; Shaded areas indicate that requirements existed in home improvement statute.

Home Improvement Contractor Laws State Summary* Law Chart

States	Contractor Coverage				Notes
	Required Contract Provisions	Prohibited Contract Provisions	Prohibited Acts	Contractor ⁵ Monetary Exemption	
Alabama				\$10,000/None	5) First number indicates aggregate value of the contract for the statute to be applicable; second number indicates minimum revenue of the contractor over a 12 month period for the statute to be applicable.
Alaska				\$10,000/None	
Arizona				\$750/None	
Arkansas					
California				\$300/None	
Colorado					
Connecticut				\$200/\$1,000	
Delaware				\$500/None	
District of Columbia					
Florida				\$1,000/None	
Georgia					
Hawaii				\$1,000/None	
Idaho					
Illinois				\$4,000/None	
Indiana					
Iowa				None/\$1,000	
Kansas					
Kentucky					
Louisiana					
Maine				\$1,400/None	
Maryland					
Massachusetts				\$500/\$5,000	
Michigan				\$600/None	
Minnesota				None/\$15,000	
Mississippi				\$100,000/None	
Missouri					
Montana				\$2,500/None	
Nebraska				None/\$1,000	
Nevada					
New Hampshire				\$25/None	
New Jersey				\$25/None	
New Mexico				None/\$7,200	
New York				\$500/\$1,500	
North Carolina				\$30,000/None	
North Dakota				\$2,000/None	
Ohio					
Oklahoma					
Oregon				\$500/None	
Pennsylvania				\$300/None	
Puerto Rico					
Rhode Island				\$500/None	
South Carolina				\$5,000/None	
South Dakota					
Tennessee				\$3,000/None	
Texas					
Utah				\$2,000/None	
Vermont					
Virgin Islands					
Virginia				\$1,000/None	
Washington				\$500/None	
West Virginia				\$1,000/None	
Wisconsin					
Wyoming					

* Review of State Statutes effective as of June 1998; Shaded areas indicate that requirements existed in home improvement statute.

Home Improvement Contractor Laws State Summary* Law Chart

States	Resources for Consumer Recovery				Penalties and Remedies		Notes	
	Recovery Fund	Insurance			Bonding	Criminal Penalties		Civil Penalties
		General Liability	Property	Personal Injury				
Alabama								
Alaska		\$50,000/\$100,000 ⁶	\$20,000		\$10,000			6) First number indicates amount of insurance
Arizona					\$5,000/\$15,000			required for injury to one person, second number
Arkansas		\$20,000	\$20,000	\$50,000/\$100,000 ⁹				indicates amount of insurance required for injury to more than one person.
California					\$7,500			
Colorado								
Connecticut					\$10,000			
Delaware								
District of Columbia			\$10,000	\$50,000/\$100,000 ⁹	\$5,000			7) First number indicates insurance required for general contractor;
Florida								second number indicates amount required for specialty contractor.
Georgia								
Hawaii			\$50,000	\$100,000/\$300,000 ⁹				
Idaho								
Illinois								
Indiana								
Iowa					\$5,000 ¹¹			8) First number indicates insurance required for general contractor; second number indicates amount required for residential contractor.
Kansas								
Kentucky								
Louisiana					\$10,000			
Maine								
Maryland		\$50,000						
Massachusetts								
Michigan								9) First number indicates amount of insurance required for injury to one person, second number indicates amount of insurance required for injury to more than one person.
Minnesota		\$100,000	\$10,000		\$5,000/\$15,000			
Mississippi								
Missouri								
Montana								
Nebraska								
Nevada					\$1,000/\$100,000			
New Hampshire					\$5,000 ¹²			
New Jersey								10) First number indicates insurance required for residential contractor; second number indicates amount required for general contractor.
New Mexico								
New York								
North Carolina								
North Dakota								
Ohio								
Oklahoma		\$500,000/\$100,000 ⁷	\$500,000/\$100,000 ⁷					
Oregon		\$500,000/\$100,000 ⁸	\$500,000/\$100,000 ⁸	\$100,000/0 ¹⁰	\$5,000/\$10,000 ¹³			11) Bond required for out-of-state contractors only.
Pennsylvania								
Puerto Rico								
Rhode Island		\$300,000	\$300,000					12) Bond is only required if the contractor is a corporation or a company.
South Carolina					\$15,000			
South Dakota								
Tennessee					\$10,000			
Texas								
Utah					Price of Contract			13) First number indicates amount required for specialty contractor; second number indicates amount required for general contractor.
Vermont								
Virgin Islands								
Virginia								
Washington			\$20,000	\$50,000/\$100,000 ⁹				
West Virginia								
Wisconsin								
Wyoming								

* Review of State Statutes effective as of June 1998; Shaded areas indicate that requirements existed in home improvement statute.